



DEPARTMENT OF LABOR

Employment and Training Administration

Notice of decisions on States' applications for relief from tax credit reductions provided under section 3302 of the Federal Unemployment Tax Act (FUTA) applicable in 2014.

AGENCY: Employment and Training Administration, Labor.

ACTION: Notice.

SUMMARY: Sections 3302(c)(2)(A) and 3302(d)(3) of the FUTA provide that employers in a State that has an outstanding balance of advances under Title XII of the Social Security Act at the beginning of January 1 of two or more consecutive years are subject to a reduction in credits otherwise available against the FUTA tax for the calendar year in which the most recent such January 1 occurs, if a balance of advances remains at the beginning of November 10 of that year. Further, section 3302(c)(2)(C) of FUTA provides for an additional credit reduction for a year if a State has outstanding advances on five or more consecutive January firsts and has a balance at the beginning of November 10 for such years. Section 3302(c)(2)(C) also provides for waiver of this additional credit reduction and substitution of the credit reduction provided in section 3302(c)(2)(B) if a state meets certain conditions.

The States of California, Indiana, Kentucky, Missouri, New York, North Carolina, Ohio, Rhode Island, South Carolina, Virgin Islands, and Wisconsin applied for a waiver of the 2014 additional credit reduction under section 3302 (c)(2)(C) of FUTA and it has been determined that each of these States met all of the criteria of that section necessary to qualify for the waiver of the additional credit reduction. Further, the additional credit reduction of section 3302(c)(2)(B) is zero for these States for 2014. Therefore, employers in these States will have no additional credit reduction applied for calendar year 2014. In addition, Missouri, Rhode Island, and

Wisconsin did not have balance of advances at the beginning of November 10, 2014. Therefore, employers in those States will have no reduction in FUTA offset credit for calendar year 2014.

Section 3302(g) of FUTA provides that a State may avoid any reduction in credit for a year by meeting certain criteria. South Carolina applied for avoidance of the 2014 credit reduction under this section. It has been determined that South Carolina met all of the criteria of section 3302(g) and thus qualifies for credit reduction avoidance. Therefore, South Carolina employers will have no reduction in FUTA credit for calendar year 2014.

Portia Wu,

Assistant Secretary for Employment and Training.

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